OPTIONS AT A GLANCE

Option A: Maintain and renovate each TDH hospital and retain management by TDH or assign management to the University of Texas Health Center - Tyler.

Currently services at the TCID focus on outpatient care and inpatient subacute long term care for persons with TB. Acute care services such as surgery, intensive care, sophisticated diagnostics and emergency care are coordinated with other hospitals such as the University of Texas Health Center-Tyler and Southeast Baptist Hospital in San Antonio. Therefore, options needed to continue the level of service currently provided at TCID include selected renovations of existing buildings pursuant to the Kennedy report findings or replacement of existing facilities with new hospital construction.

Services currently provided at STH include subacute long term care for TB, outpatient and inpatient medical and surgical services, and other support services. Complicated and acute care services for persons with TB are being delivered by UTHC-Tyler and the University of Texas Medical Branch-Galveston (UTMB). These facilities, plus Valley Baptist Medical Center, Harlingen, and Brownsville Medical Center, also deliver care to a limited number of patients who require intervention for other complex medical and surgical conditions. Options to continue providing these services include renovating existing facilities as described in the Kennedy report or replacing existing facilities with new hospital construction. See the attached cost projections for this option with estimated impact of DISPRO.

Option B: Retain STH and TCID, with STH providing only TB inpatient services.

Option B retains both TCID and STH but eliminates the provision of medical and surgical services currently provided at STH. In addition to the impact analysis presented to Option A, the following impact should be noted regarding the elimination of medical and surgical services at STH. STH currently provides medical and surgical services to a number of individuals in the Lower Rio Grande Valley, including a very high percentage who receive uncompensated care. These individuals require both inpatient and outpatient hospital services but their need is not an emergency condition which would provide them access to other hospitals in the Valley. The Lower Rio Grande Valley is currently the largest population center in the State without a locally funded hospital district to fill the gap for medical and surgical non-emergency patient care services. Therefore, the most significant impact of this model is that medical and surgical non-emergency services will be reduced to the medically indigent population in the Lower Rio Grande Valley. This medically indigent population, therefore could lose the opportunity for early detection and treatment of a number of diseases, most dramatically cervical and breast cancer. This option anticipates selected renovations at both TCID and STH. See the attached cost projections for this option which includes the DISPRO estimates. The impacts are the same for this option whether the hospitals are managed by TDH or UTHC-Tyler.

Options C, D, and E combine the services of the two TDH hospitals into one of the existing locations and maintain state management of the combined operation by either TDH or the University of Texas Health Center - Tyler.

Option C: Retain STH and close TCID, with STH continuing to provide TB, medical, surgical, and support services.

Policy decisions will be required to determine whether to retain the current women's lab activities at the current TCID site, outsource these activities, or consolidate the services elsewhere in San Antonio or in Austin at the TDH central lab. A decision would also need to be made as to where to locate the research activities which are currently performed. These functions might be located in UTHC-Tyler, relocated within San Antonio or based at some other research site. Closing TCID would also have the greatest impact on the TB inpatients since of the three state administered TB hospitals, TCID currently has the highest average daily census of TB patients and is the most centrally located for patient transportation.

It should be noted that a legal issue affects the transportation of TB patients. The law requires that proper isolation methods be used and medical care be made available for these patients. This requires direct point-to-point transportation to an inpatient facility equipped to deal with such patients. There can be no overnight stops in unequipped facilities. This poses a significant logistical challenge for a state as large as Texas.

This option will affect the Texas Department of Mental Health Mental Retardation (TDMHMR). Current operational efforts are shared at the campus including the provision of utilities and the operation of the steam plant requiring six full time equivalent staff. Therefore, this option would require renovation of existing facilities at STH as described in the Kennedy report or replacing existing facilities with new hospital construction. See the attached cost projections for this option with the DISPRO impact.

Option D: Retain STH and close TCID with STH continuing to provide only TB inpatient services.

As previously described under Option B, this scenario poses access problems for those persons in the Lower Rio Grande Valley who are medically indigent and need non-emergency inpatient and outpatient hospital medical and surgical services. The option, however, does reduce the renovation costs to bring STH into compliance with accreditation standards and reduces the operating costs due to the elimination of medical and surgical services. See the attached cost projections for this option with DISPRO impact. This option will affect TDMHMR.

Option E: TCID remains open with current services and admits TB patients from STH which is closed.

This option will require transportation of suspected, known, or infected TB patients from the Valley and other areas of South Texas to San Antonio. The loss of medical and surgical services for inpatient and outpatient needs currently provided at STH will impact health care in the Valley. Special rule making or agreements with the federal Immigration and Naturalization Service (INS) may be needed. This option anticipates selected renovations at TCID. It will affect TDMHMR in Harlingen.

Option F: Outsource the operations of either and/or both of the TDH hospitals to non-state facilities.

It is important to note that this option lacks some of the net state cost benefit because of the DISPRO dollars projected to be available to both of the TDH hospitals over the next five years and perhaps for additional years. However, the State could cap its financial effort by awarding grant funds to selected hospitals or other providers like clinics or private laboratories, versus attempting to purchase services via a fee for service basis. Hospitals are reluctant to assume inpatient responsibility for high risk, long length of stay, and high total cost groups when given a choice.

Inpatients admitted for chronic conditions and/or as a result of non-compliant behavior, and outpatients with TB, Hansen's Disease and other chronic conditions are not perceived as a marketing asset in today's highly competitive healthcare environment. The availability of adequate services and maintaining budget predictability becomes a public policy question under this option. Outsourcing the provision of inpatient TB hospital services from TCID and STH is of questionable current value from a State funding perspective because of the favorable DISPRO payments that TCID and STH are generating. Even if changes occur in the DISPRO funding system from the federal level, it may be anticipated that current methods may be used for at least a five year forecast. DISPRO amounts are forecast for the two hospitals.

1998	**$19.6 million**
1999	**$19.0 million**
2000	**$16.1 million**
2001	**$15.2 million**
2002	**$15.2 million**
	$85.1 million

Assuming a federal match ratio of approximately 63%, the net amount of federal DISPRO funds is approximately $54 million. Closing these hospitals will have the effect of the State foregoing these federal dollars and will substantially reduce the amount of total dollars available for purchasing an equivalent amount of services from the private sector or will substantially increase the net State funding required. In essence, the DISPRO dollars are subsidizing the provision of services currently provided at these hospitals. In addition, despite

the relatively low patient volumes for inpatient TB at the hospitals, the average per diem costs appear competitive even without the added DISPRO funding benefit to the State, based on a review of costs provided by TDH for area hospitals.